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C O N F I D E N T I A L STATE 241250

FOLLOWING SENT ACTION SECSTATE NICOSIA INFO ANKARA USNATO  
BEIRUT MOSCOW WARSAW 25 AUG QUOTE

C O N F I D E N T I A L ATHENS 13928

E.O. 12356: DECL: OADR

TAGS: PEPR, OREP, UR, PL, US, GR, TU

SUBJECT: SENATOR PERCY'S MEETING WITH PRIME MINISTER  
PAPANDREOU, AUGUST 23

1. (C-ENTIRE TEXT)

2. PRIME MINISTER PAPANDREOU RECEIVED SENATOR PERCY  
FOR AN HOUR AND FIFTEEN MINUTES ON AUGUST 23. ALSO  
PRESENT WERE FOREIGN MINISTER HARALAMBPOULOS, MR.  
ROUBATIS OF THE PRIME MINISTER'S OFFICE AND DCM.

3. SENATOR PERCY OPENED THE DISCUSSION BY SAYING  
THAT THERE WAS SOME SKEPTISM ABOUT PAPANDREOU IN  
THE U.S. THE SENATOR SAID THAT HE HIMSELF HAD  
BEEN CONCERNED ABOUT STATEMENTS MADE DURING  
PAPANDREOU'S ELECTORAL CAMPAIGN, BUT THAT HE WAS  
PLEASED WITH THE PRAGMATISM THAT SEEMED TO  
CHARACTERIZE PAPANDREOU'S APPROACH TO FOREIGN  
POLICY. THE SENATOR SAID THAT, JUST BEFORE CALLING  
ON PAPANDREOU, HE HAD SPOKEN WITH GENERAL SMITH  
AT SHAPE (IN THE ABSENCE OF GENERAL ROGERS), AND  
THAT HE HAD BEEN PLEASED TO HEAR WHAT GENERAL SMITH  
SAID ABOUT PROGRESS IN GREEK/NATO RELATIONS. SENATOR  
PERCY STRESSED THE IMPORTANCE OF VOA FACILITIES  
IN GREECE. FINALLY, HE SAID THAT HE INTENDED TO  
MAKE AN INTENSIVE STUDY OF THE SITUATION IN CYPRUS.

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4. PAPANDREOU SAID THAT THERE WERE TWO THINGS THAT CONCERNED GREEKS WITH RESPECT TO U.S. POLICY: THE U.S. ATTITUDE TOWARD THE 1967-74 DICTATORSHIP; AND THE U.S. POLICY TOWARD THE CYPRUS TRAGEDY IN 1974. ON THE FIRST SUBJECT, PAPANDREOU SAID THAT THERE WAS A DOMINANT FEELING IN GREECE, WHICH HE SHARES, THAT THE U.S. ACCEPTED THE MILITARY REGIME. HE CITED THE VISITS OF VICE PRESIDENT AGNEW AND SECRETARY STANS AND THEIR PRAISE OF THE REGIME. (PARENTHETICALLY, PAPANDREOU SAID THAT THE ADVENT OF A MILITARY REGIME IN TURKEY MAY HAVE BEEN A NECESSARY DEVELOPMENT HISTORICALLY -- "I DON'T KNOW.") TURNING TO CYPRUS, PAPANDREOU ACKNOWLEDGED THAT THE INITIAL TURKISH INVASION IN 1974 HAD BEEN PRECEDED BY A COUP IN CYPRUS ORGANIZED BY THE GREEK MILITARY. THEREFORE, HE SAID, A PRETEXT DID EXIST AND THE FIRST INTERVENTION COULD HAVE BEEN SEEN AS JUSTIFIED. THE LARGE-SCALE OPERATION ON AUGUST 12, HOWEVER, WAS NOT JUSTIFIED. AT THE TIME, GREECE WAS IN NO POSITION TO TAKE ANY ACTION IN RESPONSE. PAPANDREOU NOTED WITH REGRET THE FACT THAT, DESPITE THE U.S. EMBARGO ON ARMS TO TURKEY, THE CURRENT SITUATION, I.E., THE STATUS QUO, HAS BEEN ACCEPTED BY THE U.S. AND OTHERS AS THE POINT OF DEPARTURE FOR FUTURE STEPS TOWARD RESOLVING DIFFERENCES OVER CYPRUS.

5. PAPANDREOU SAID THAT TURKEY IS GIVEN PRIORITY OVER GREECE IN U.S. STRATEGIC THINKING. HE SAID THAT TURKEY HAS A LONG-TERM INTEREST IN MOVING WESTWARD AND HAVING A SHARE IN THE AEGEAN. HE NOTED THAT TURKEY WOULD HAVE 70 MILLION PEOPLE BY THE END OF THE CENTURY. PAPANEREOU SAID THAT A BALANCE OF MILITARY POWER IN THE AEGEAN IS "TERRIBLY IMPORTANT". HE RECALLED THAT HE HAD TRIED TO GET AGREEMENT AT THE DECEMBER 1981 DPC MINISTERIAL IN BRUSSELS ON A GENERAL STATEMENT THAT WOULD OFFER PROTECTION TO ALL ALLIES FROM ALL DIRECTIONS, BUT THAT TURKEY HAD VETOED THE EFFORT. HE THEN NOTED THAT DURING THE 1976-77 BASE DISCUSSIONS, THE U.S. HAD COME CLOSE TO PROVIDING A GUARANTEE. IN SUMMARIZING THE GREEK REQUIREMENT, PAPANDREOU SAID THAT GREECE SEEKS U.S. AND ALLIED UNDERSTANDING OF THIS "OVERWHELMING CONCERN", WHICH TOOK PRIORITY EVEN OVER THE NEED FOR SCHOOLS AND HOSPITALS, DESPITE THE FACT THAT HE HEADS A SOCIALIST GOVERNMENT. PAPANDREOU POINTED OUT THAT GREECE SPENDS 6.7 PERCENT OF ITS GNP ON DEFENSE, AND SENATOR PERCY SAID HE WOULD PUBLICIZE THAT FACT.

6. IN RESPONSE TO THE SENATOR'S QUESTION ABOUT HIS ATTITUDE TOWARD MILITARY FACILITIES AND NATO, PAPANDREOU SAID THAT GREECE AS AN ALLY WOULD NORMALLY LOOK TO THE NORTH FOR ANY ATTACK.

UNFORTUNATELY HE SAID, THAT IS NOT THE CASE: THE TURKISH ARMY OF THE AEGEAN AND 180 LANDING CRAFT ARE FACING GREECE FROM THE EAST. PAPANDREOU SAID THAT HE HAD MET TWICE EACH WITH GENERAL ROGERS AND ADMIRAL CROWE AND THAT THERE WAS A MUTUAL UNDERSTANDING OF EACH OTHER'S PROBLEMS.

7. PAPANDREOU SAID THAT THE ISSUE OF U.S. BASES IS A POLITICAL ISSUE, NOT A TECHNICAL ONE. THE PROBLEMS MUST BE DISCUSSED AT A HIGH LEVEL, LEAVING TO THE TECHNICIANS THE TECHNICAL QUESTIONS, SUCH AS THE FUNCTION OF THE BASES, ETC. SPEAKING

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IN A GENERAL SENSE, PAPANDREOU SAID THAT THERE WAS LITTLE DIFFERENCE IN FOREIGN POLICY AIMS BETWEEN HIMSELF, PRESIDENT KARAMANLIS AND NEW DEMOCRACY LEADER AVEROFF.

8. NOTING THAT GREECE AND THE U.S. VIEW EVENTS FROM DIFFERENT ANGLES, SENATOR PERCY SAID THAT AMERICANS WERE DISAPPOINTED THAT GREECE HAD NOT BEEN MORE ASSERTIVE WITH RESPECT TO THE SITUATION IN AFGHANISTAN. PAPANDREOU QUICKLY REJOINED THAT SOVIET INTERVENTION HAD BEEN CONDEMNED IN THE GREEK PARLIAMENT. SENATOR PERCY SAID THAT HE HAD TOLD SOVIET LEADERS THAT THEY WERE "TAKING ON A VIETNAM" IN AFGHANISTAN. HE SAID THAT IT WAS CLEAR THAT WHAT THE SOVIETS WANTED WAS A WARM WATER PORT. HE SAID THAT GREECE COULD PLAY A USEFUL ROLE VIS-A-VIS NONALIGNED COUNTRIES IN HELPING THEM UNDERSTAND THE U.S. VIEWPOINT. HE ADDED THAT GREEK-AMERICANS WERE CONCERNED ABOUT PAPANDREOU'S RELATIONS WITH RADICAL ARAB LEADERS.

9. PAPANDREOU SAID THAT THE MEDITERRANEAN AREA IS VERY IMPORTANT AND THAT GREECE'S TIES WITH THE ARAB WORLD ARE HISTORICAL AND SUBSTANTIAL. WITNESS THE FACT THAT AT ONE TIME THERE WERE 250,000 GREEKS LIVING IN EGYPT. PAPANDREOU SAID HE HAD DEVELOPED GOOD PERSONAL RELATIONSHIPS WITH SADDAM HUSSEIN OF IRAQ AND ASSAD OF SYRIA. WITH RESPECT TO LIBYA, PAPANDREOU NOTED THAT QADHAFI'S PLANNED VISIT TO GREECE HAD BEEN CANCELLED BY GREECE WHEN QADHAFI, 48 HOURS BEFORE HIS SCHEDULED ARRIVAL, DEMANDED THAT PRESIDENT KARAMANLIS MEET HIM AT THE AIRPORT AND THAT HE (QADHAFI) BE INVITED TO ADDRESS THE PARLIAMENT. PAPANDREOU THEN RECALLED THAT HIS GOVERNMENT HAD HAD TO COME TO THE DEFENSE OF THE OPPOSITION AFTER IT HAD BEEN ATTACKED BY THE HEAD OF THE LIBYAN PEOPLES BUREAU IN ATHENS. SENATOR PERCY SAID THAT HE HAD BEEN TOLD BY HEADS OF STATE IN THE MIDDLE EAST THAT QADHAFI WAS BENT ON ASSASSINATION. PAPANDREOU REPLIED THAT ALL LEADERS IN THE AREA SAY QADHAFI IS UNPREDICTABLE AT BEST. HE CONCLUDED THAT SOME TIME MUST GO BY BEFORE THERE CAN BE ANY IMPROVEMENT IN GREEK-LIBYAN RELATIONS. TURNING BRIEFLY TO GREEK-ALGERIAN RELATIONS, PAPANDREOU SAID CHADLI IS A VERY WISE MAN. GREECE IS BUILDING TWO CITIES (10,000 HOMES) IN ALGERIA AND ANTICIPATES A SUBSTANTIVE RELATIONSHIP BETWEEN THE TWO COUNTRIES IN THE FUTURE.

10. SENATOR PERCY STATED HIS STRONG CONVICTION THAT THERE MUST BE A PALESTINIAN HOMELAND. HE SAID THAT THE PALESTINIANS FOR THEIR PART MUST TAKE TWO STEPS: THEY MUST RECOGNIZE ISRAEL'S RIGHT TO EXIST; AND THEY MUST ABJURE TERRORISM. THE U.S. FOR ITS PART MUST DEAL DIRECTLY RATHER THAN THROUGH INTERMEDIARIES SO AS TO AVOID MISCALCULATION ON BOTH SIDES. SENATOR PERCY EXPRESSED THE FEAR THAT THE RECENT BRUTALITY IN LEBANON WOULD HAVE THE EFFECT OF RADICALIZING PALESTINIANS WHO UNTIL NOW HAD PLAYED NO PART IN GUERRILLA ACTIVITIES. PAPANDREOU SAID THAT ISRAEL HAD WON A MILITARY VICTORY BUT SUFFERED POLITICAL DEFEAT. THE PALESTINIANS NOW HAVE A FIRM POLITICAL STATUS, AND THE U.S. WOULD FIND DIRECT CONTACT TO BE HIGHLY PRODUCTIVE. SENATOR PERCY ASKED WHETHER

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HE SHOULD SEE QADDOUMI. AND PAPANDREOU OFFERED TO SET UP A MEETING, NOTING THAT QUADDOUMI WAS CURRENTLY STAYING AT THE HILTON IN NICOSIA, SENATOR PERCY'S NEXT STOP. SENATOR PERCY SAID THAT HE WOULD LIKE FIRST TO DISCUSS THE QUESTION WITH AMBASSADOR HABIB.

11. SENATOR PERCY ASKED WHETHER GREECE BELIEVED

THAT THE U.S. IS TILTING TOWARD TURKEY. PAPANDREOU REPLIED IMMEDIATELY IN THE AFFIRMATIVE, SAYING THAT THIS IS THE ONLY PROBLEM EXISTING BETWEEN GREECE AND THE U.S.

12. SENATOR PERCY SAID THAT, WHATEVER HIS DIFFERENCES WITH CURRENT U.S. POLICIES TOWARD

THE EAST, SUCH AS ON THE SIBERIAN PIPELINE, HE BELIEVED THAT PRESIDENT REAGAN IS DEEPLY COMMITTED TO SIGNIFICANT STRATEGIC ARMS REDUCTIONS, AS WELL AS TO MUTUAL AND BALANCED FORCEREDUCTIONS IN EUROPE. NOTING MITTERAND'S STAUNCH POLITICAL AND STRATEGIC STAND, SENATOR PERCY ASKED WHAT PAPANDREOU'S ATTITUDE WAS TOWARDS THE SOVIETS. PAPANDREOU SAID THAT HE HAD AS A GENERAL GOAL A EUROPE WITHOUT BLOCS. GIVEN THE WORLD AS IT IS, HOWEVER, THERE IS NO QUESTION BUT THAT GREECE IS IN THE WESTERN ALLIANCE. GREECE WANTS TO CONTRIBUTE TO DETENTE AND SEEKS CULTURAL, ECONOMIC AND COMMERCIAL RELATIONS WITH THE EAST, BUT POLITICALLY, "WE ARE NOT IN THEIR CAMP".

13. PAPANDREOU SAID THAT GREECE HAD CONDEMNED THE EVENTS LEADING UP TO THE CURRENT SITUATION IN POLAND BUT OPPOSED THE IMPOSITION OF SANCTIONS. PAPANDREOU SAID THAT JARUZELSKI APPARENTLY WANTS TO USE PAPANDREOU'S OFFICE AS A LINK TO THE U.S. HE SAID THAT HE HAD NEVER MET JARUZELSKI PERSONALLY BUT THAT HE WAS TOUGH IN A LETTER HE HAD SENT TO JARUZELSKI, TELLING THE LATTER "I DON'T LIKE DICTATORSHIPS". PAPANDREOU SAID THAT HIS OVERRIDING CONCERN, WHICH GUIDED HIS POLICY TOWARD POLAND, WAS TO AVOID A SOVIET INVASION. HE SAID THAT HE WILL BE MEETING WITH THE POLISH AMBASSADOR THIS WEEK AND WOULD REPORT THE DISCUSSION TO AMBASSADOR STEARNS THEREAFTER.

14. SENATOR PERCY ASKED THAT THIS MESSAGE BE PASSED TO HIM BY EMBASSY NICOSIA AND BY THE DEPARTMENT TO SCOTT COHEN OF THE SFRC STAFF AND NADINE JACOBSEN OF HIS OWN STAFF. STEARNS  
UNQUOTE  
SHULTZ

END OF MESSAGE

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